

# Petercam's Benelux Conference

September 16, 2014

The Petercam logo is rendered in a white, stylized, double-line font. The letters are 'p', 'e', 't', 'e', 'r', 'c', 'a', 'm'. The 'p' has a long vertical stem. The 'e' and 'r' have unique, rounded shapes. The 'm' is composed of two vertical stems and a top curve.

Sandeep Jalan – Chief Financial Officer

## Forward-Looking Statements

This document may contain forward-looking information and statements about Aperam and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “target” or similar expressions. Although Aperam’s management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Aperam’s securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of Aperam, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in Aperam’s filings with the Luxembourg Stock Market Authority for the Financial Markets (Commission de Surveillance du Secteur Financier). Aperam undertakes no obligation to publicly update its forward-looking statements or information, whether as a result of new information, future events, or otherwise.

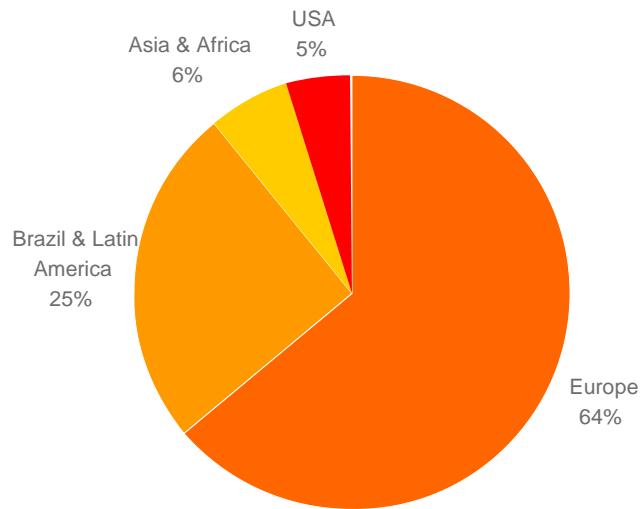
# Aperam's fundamentals

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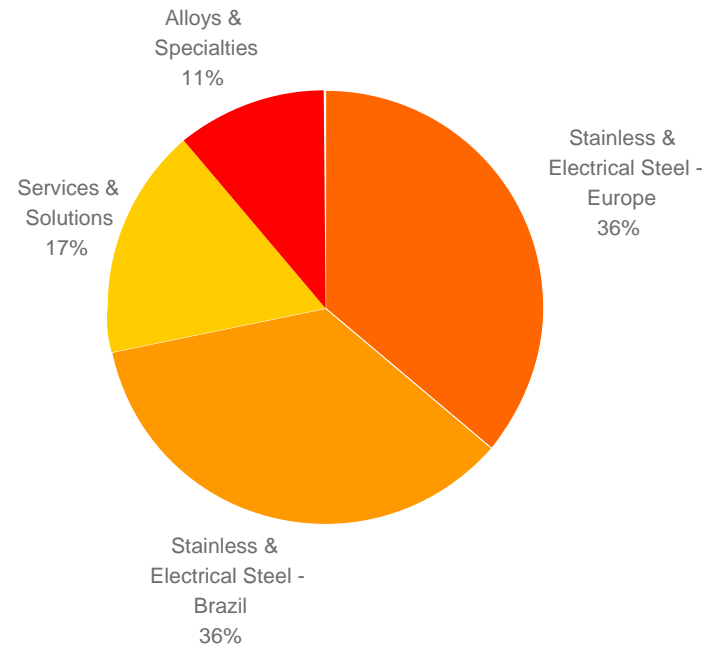
Solid and diversified sources of revenues



Aperam sales breakdown by destination (H1 2014)



Aperam EBITDA breakdown (H1 2014)



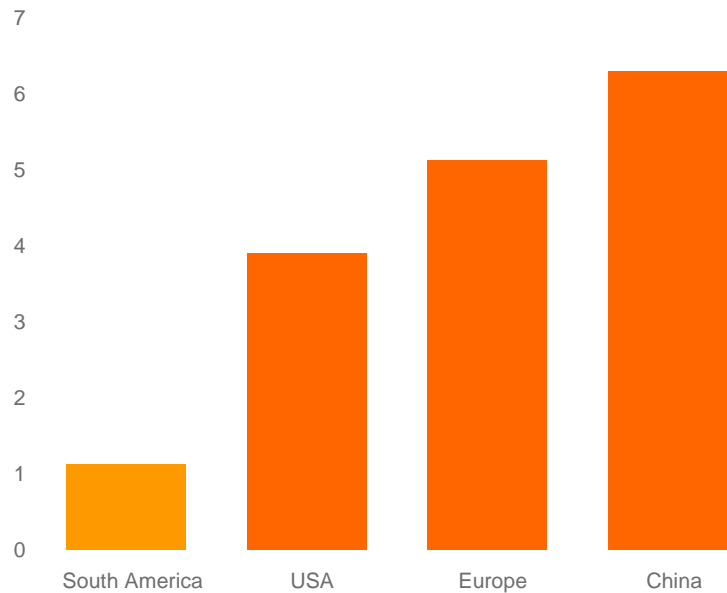
**Aperam is number 1 in South America, number 2 in Europe in stainless steel and world number 4 in Nickel Alloys**

# Aperam's fundamentals

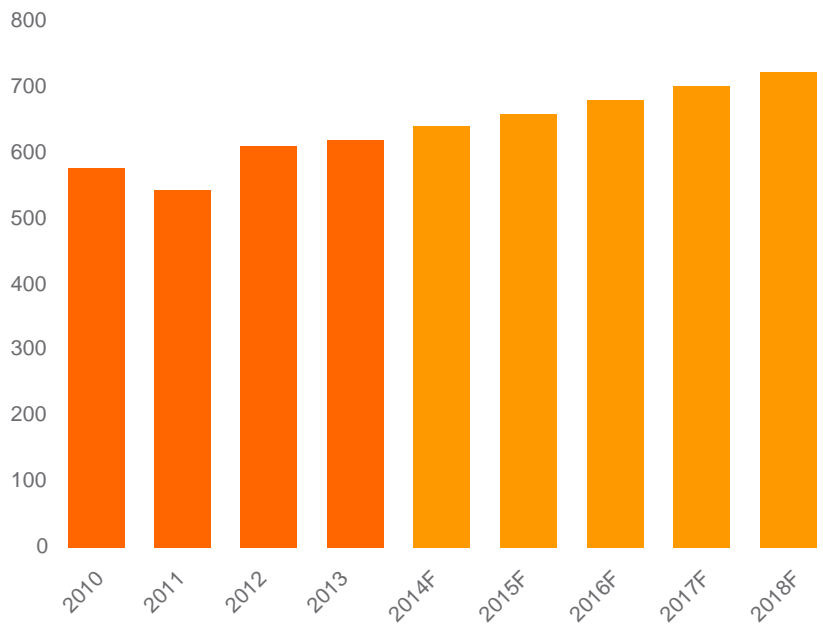
## A unique position in Brazil



Stainless steel flat stainless steel consumption per capita (kg/year)



South American Stainless steel demand (in kt)



Aperam targeting to capture market growth

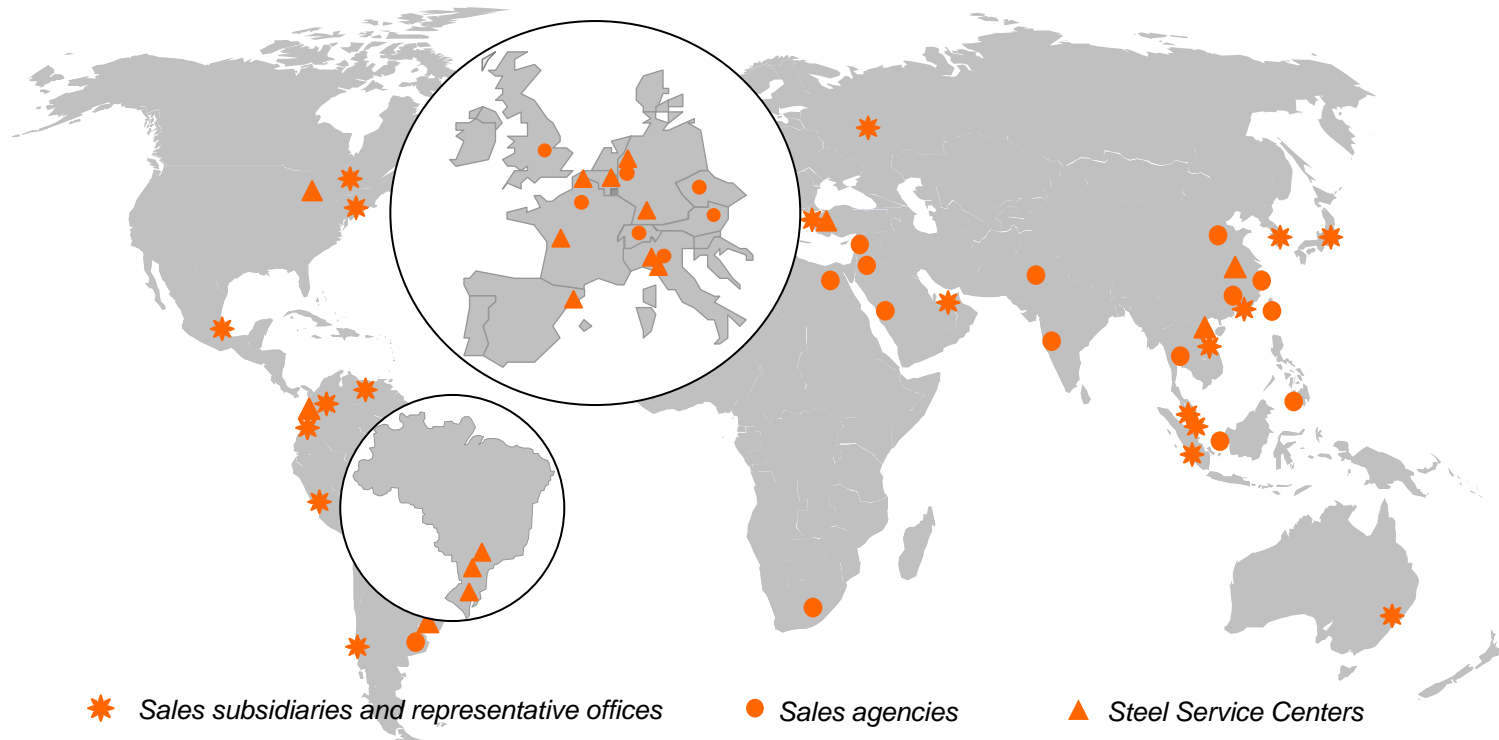
Source: CRU and Aperam estimate

# Aperam's fundamentals

## A global distribution network



Sales, distribution and steel service centers network, including precision & tubes businesses



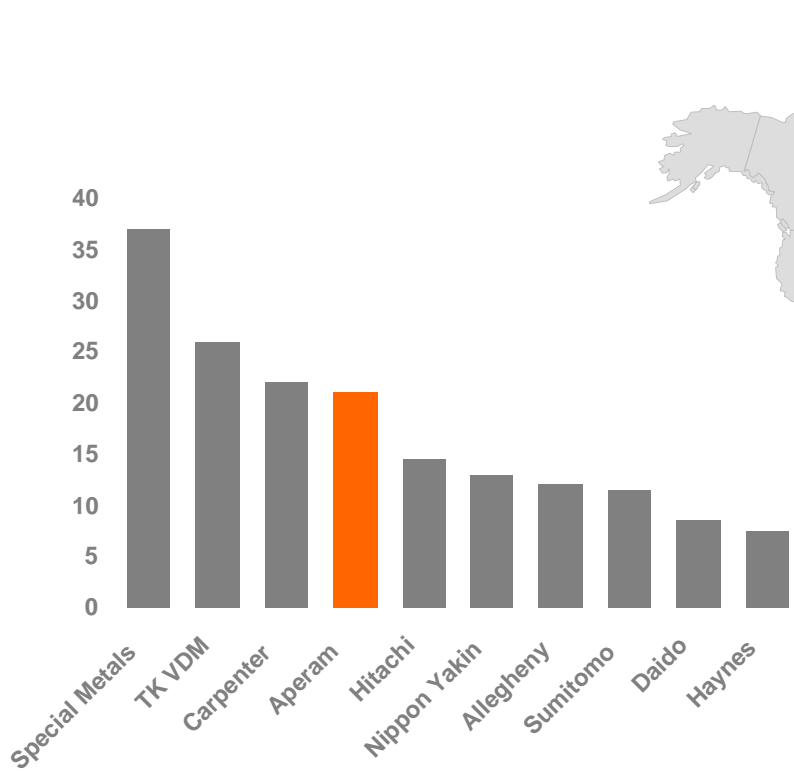
A key competitive advantage to maintaining market share and capturing growth opportunities

# Aperam's fundamentals

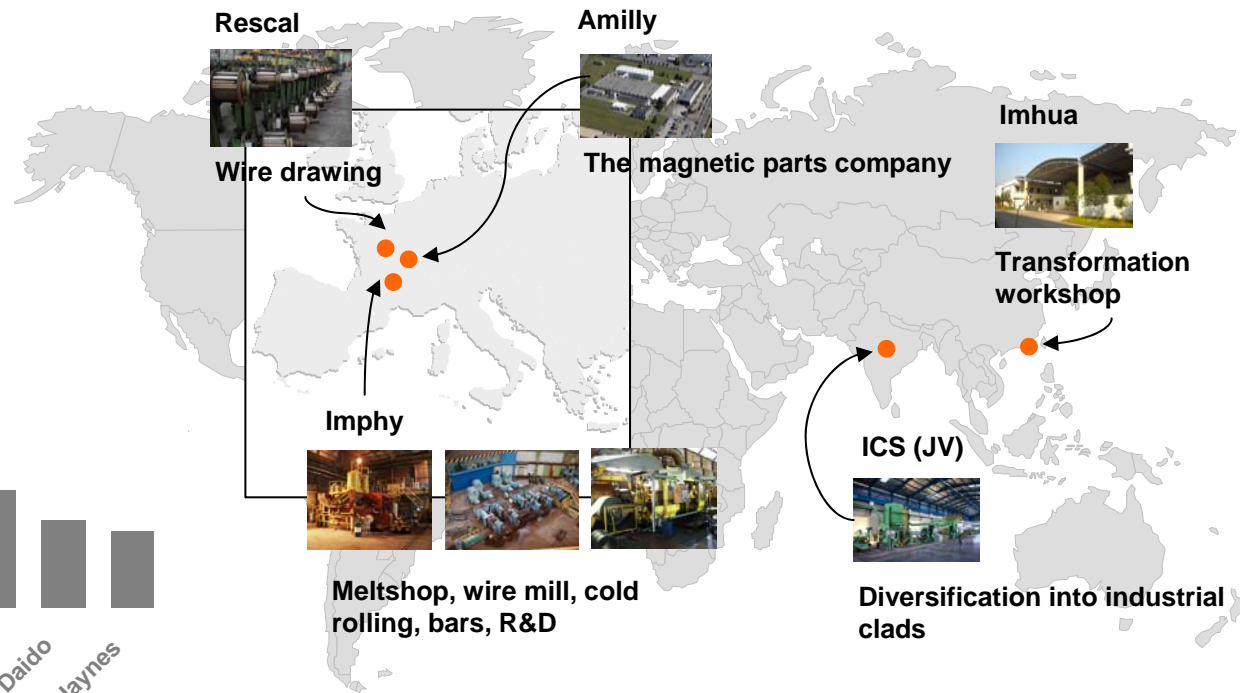
A leading position in nickel alloys



Global nickel alloys producers (kt)



Aperam Alloys & Specialties geographical footprint



A highly value creative business

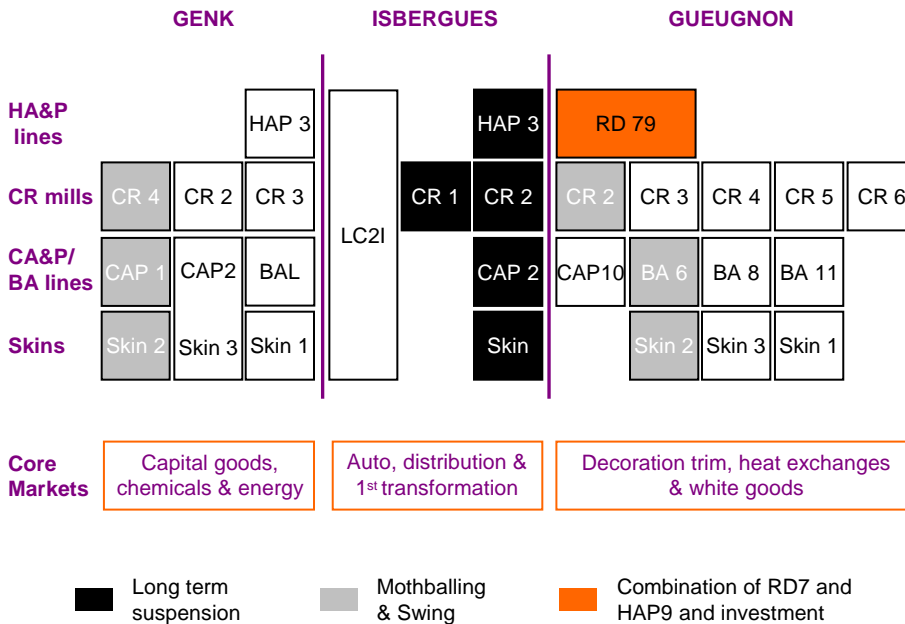
Source: SMR

# Aperam's fundamentals

Three years of active restructuring for a footprint best in class in addressing all the stainless steel markets in Europe



Aperam downstream rationalization in EU from 29 tools to 17 tools



European stainless steel industry footprint after restructuring



Aperam well positioned in the core markets in Europe, with good loading of its most efficient assets benefiting from well-advanced restructuring



# Environment and markets

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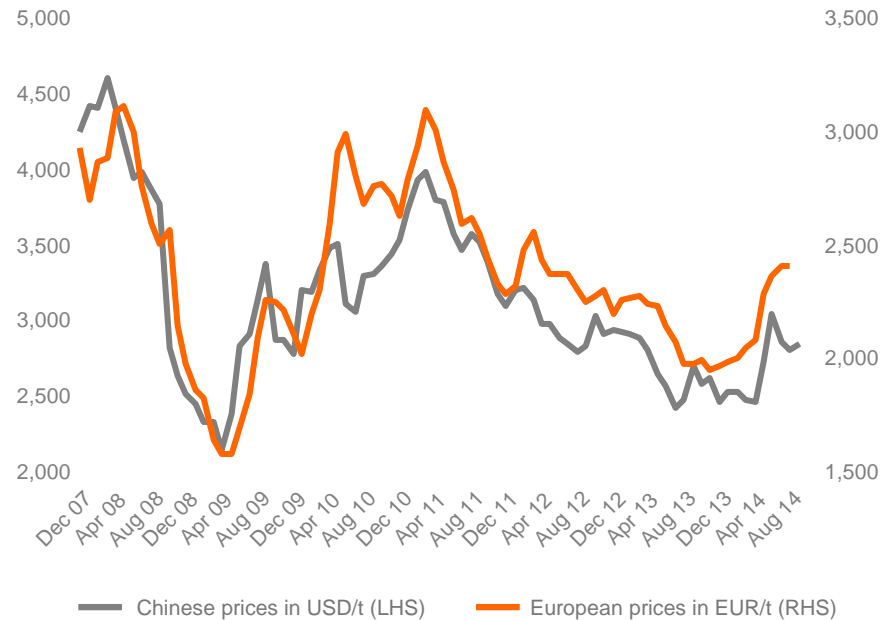


European stainless steel market is improving but still under pressure of the imports and the nickel price evolution

### Nickel - LME Cash (USD/t)



### Chinese versus European CR 304 2B 2mm coil transaction price



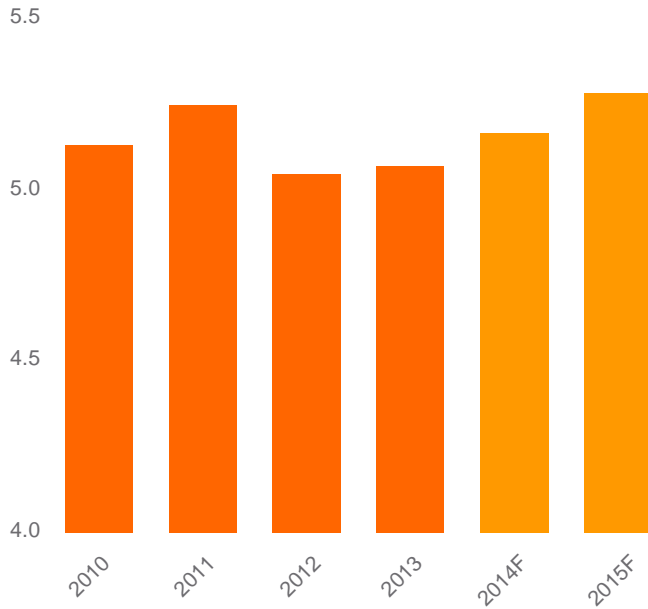
Chinese prices partially integrated the impact of the nickel price increase in Q2

# Environment and markets

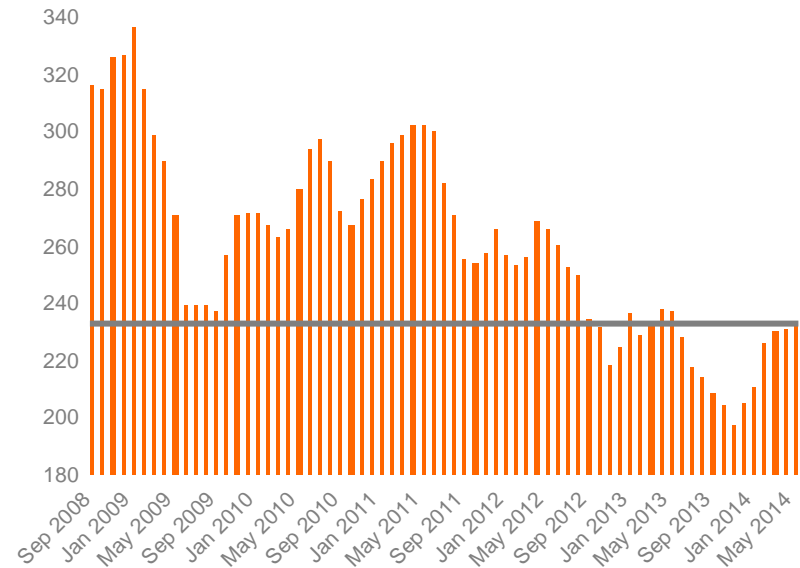
## European demand recovery underway



**Stainless steel slab equivalent European demand (in million tonnes)**



**Stocks of flat stainless steel in EU-27 for distribution ('000t)**



**Customers have replenished their inventories during the first semester supporting the apparent demand. Yet, inventories level remains low.**

Source: Eurofer, CRU & Aperam estimates

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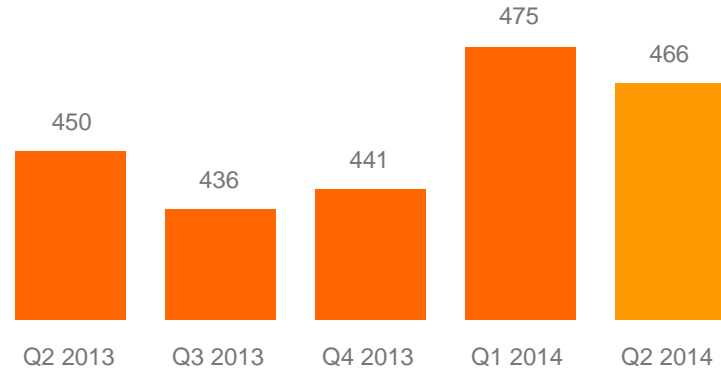
# Aperam performance

# Performance

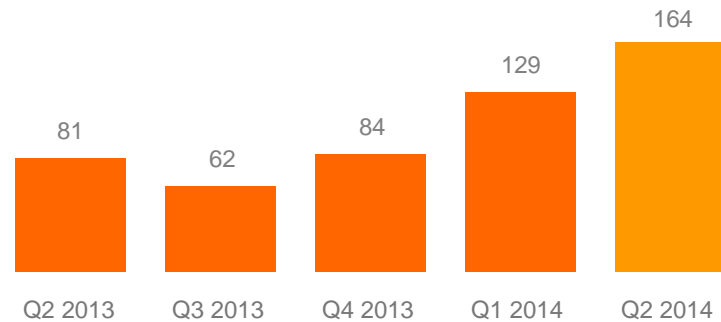
## Second quarter operating performance



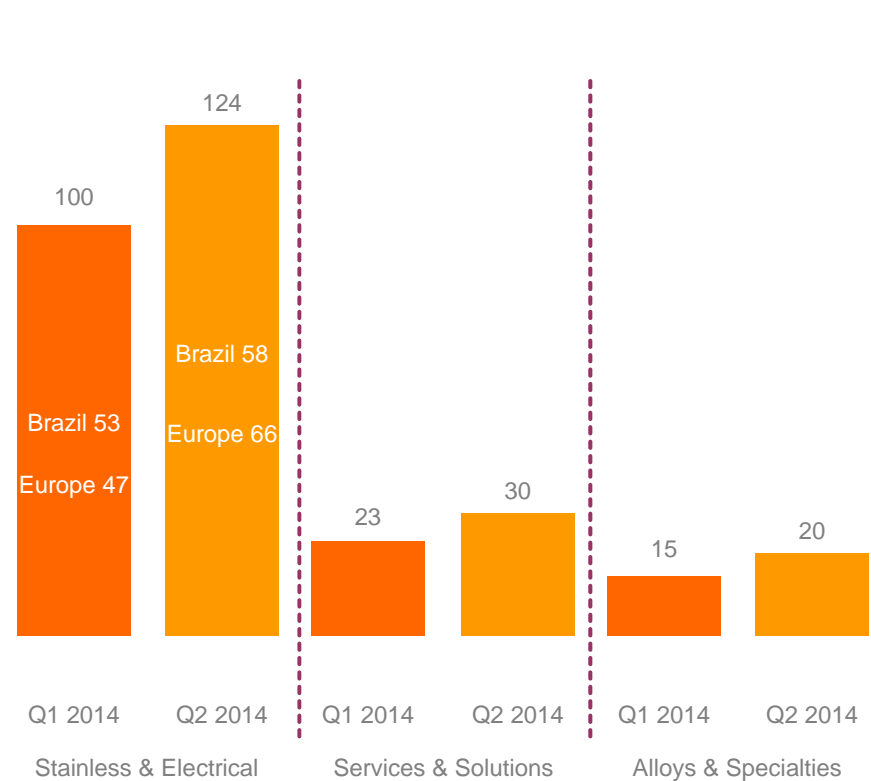
Shipments ('000t)



EBITDA (USD million)



Q2 2014 EBITDA per division (USD million) <sup>[1]</sup>



**Q2 2014 as the best quarter in terms of profitability since the spin-off**

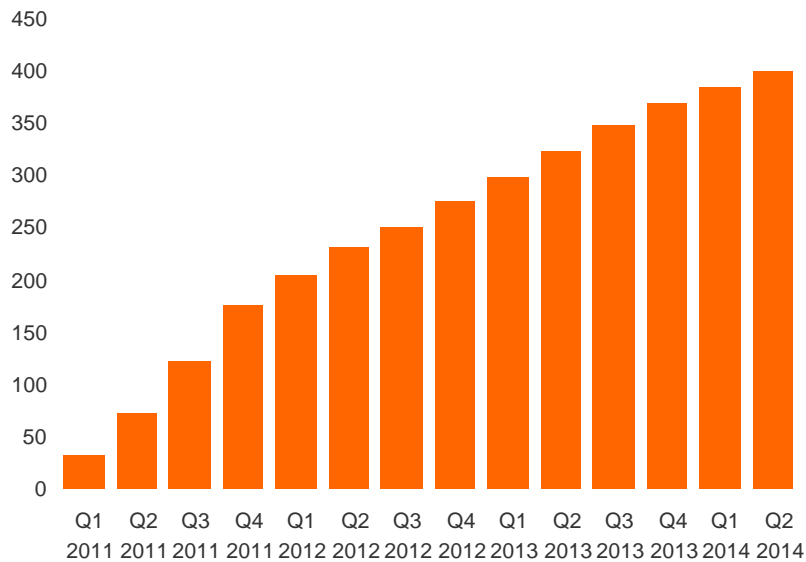
<sup>[1]</sup> Difference with total Aperam's quarterly Ebitda comes from the Others & Eliminations division.

# Performance

## Leadership Journey®



Cumulated gains (USD million)



### Key projects completed since beginning of 2011

- In Brazil, VSS\*, switch from LPG to natural gas and conversion of blast furnace number 2 from coke to biomass.
- In Europe,
  - Suspension of traditional cold roll mill in Isbergues
  - Completion of the new hot annealing and pickling line in Gueugnon
  - Industrial optimization and rationalization (from 29 to 17 tools)
- In Services & Solutions, Service Center expansion in Campinas
- Alloys & Speciality, completion of the Imphy meltshop enhancement
- Closure of Firminy (Precision)

### Key projects progressing

- Yield and Quality improvement, Sourcing initiative, SG&A reduction
- Debottlenecking the finishing line of the Imphy Wire Rod mill (A&S)
- Productivity increase of the downstream facilities in Genk, Gueugnon and Timoteo.

### Key new projects

- Upgrade of the Grain Oriented Electrical Steel operations in Timoteo

**Closure of Firminy's plant was completed at the end of Q2 2014**

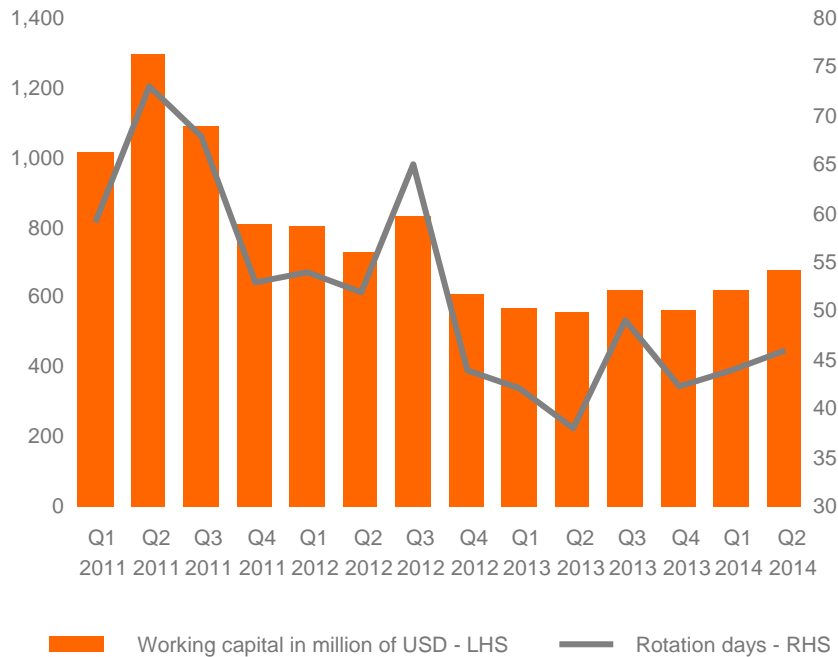
\*VSS – Voluntary Separation Scheme

# Performance

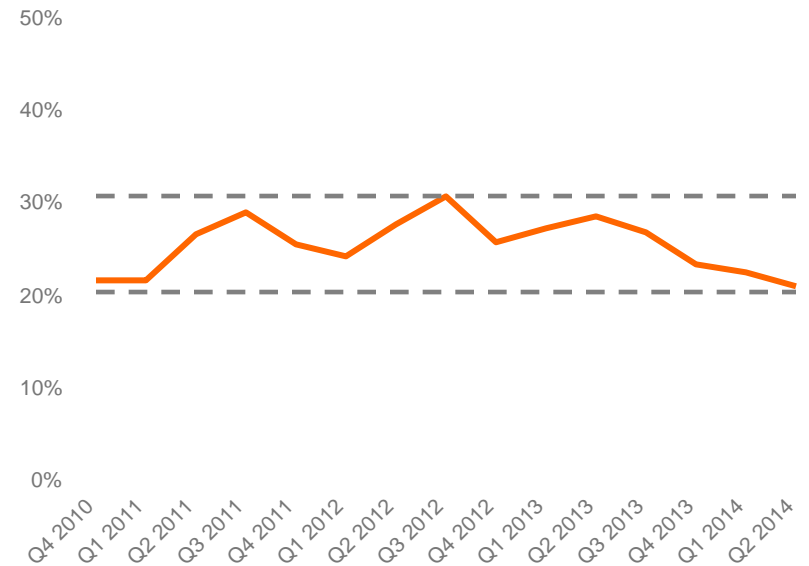
## Balance sheet control



### Working capital evolution



### Gearing evolution (%)



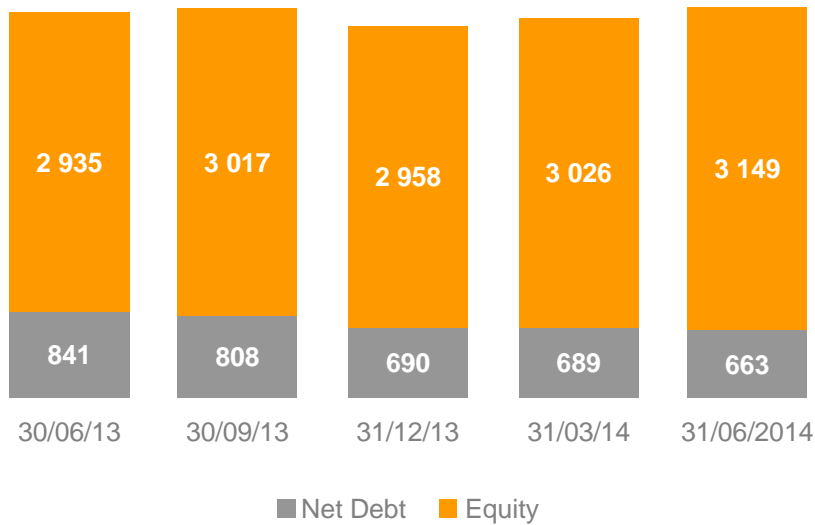
**Strong focus on cash generation and working capital management**

# Performance

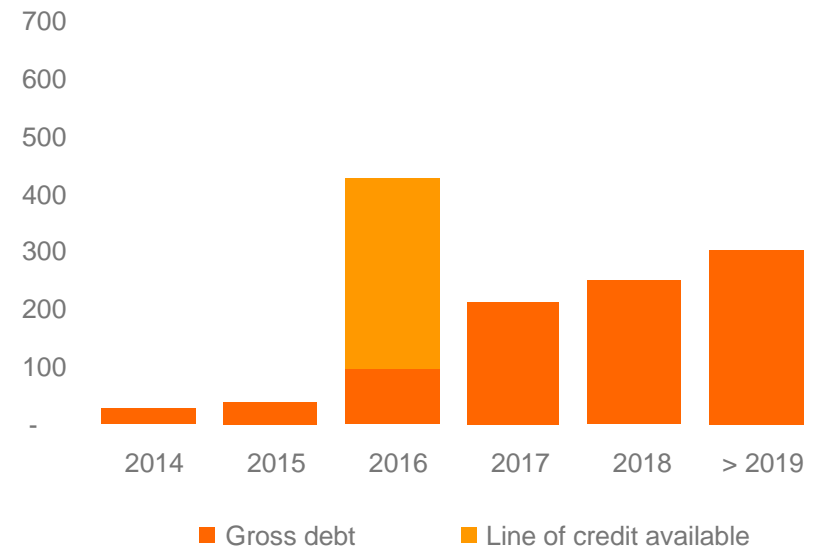
Diversified funding structure & low refinancing risk



Equity & net debt (USD million)



Debt maturity profile (USD millions and as of October 1<sup>st</sup>, 2014) <sup>[1]</sup>



## Successful launch of the USD 300 m convertible bond <sup>[2]</sup> and repayment of the High Yield bond 2016

<sup>[1]</sup> Assuming the repayment of the High Yield Bond 2016 on October 1, 2014 - as announced on August 27, 2014 - and the convertible bonds reimbursement.

<sup>[2]</sup> On 27th June, successful launch of Convertible Bond \$300m due 2021 with coupon 0.625%, at initial conversion price of \$43.92, transaction closed in July.



# Plan 2014 - 2015

## Plan 2014 - 2015

Strategic priority maintained allowing to capture new opportunities



### Strategic priority

- 1 Leadership Journey®
- 2 Top Line Strategy
- 3 Reduction of net debt and cost of debt



### 5 profit-driving pillars

- 1 Aiming at “best in cost” with the Leadership Journey®
- 2 Innovation in Stainless & Electrical Steel
- 3 Brazilian development
- 4 Alloys specialties
- 5 Net debt reduction program

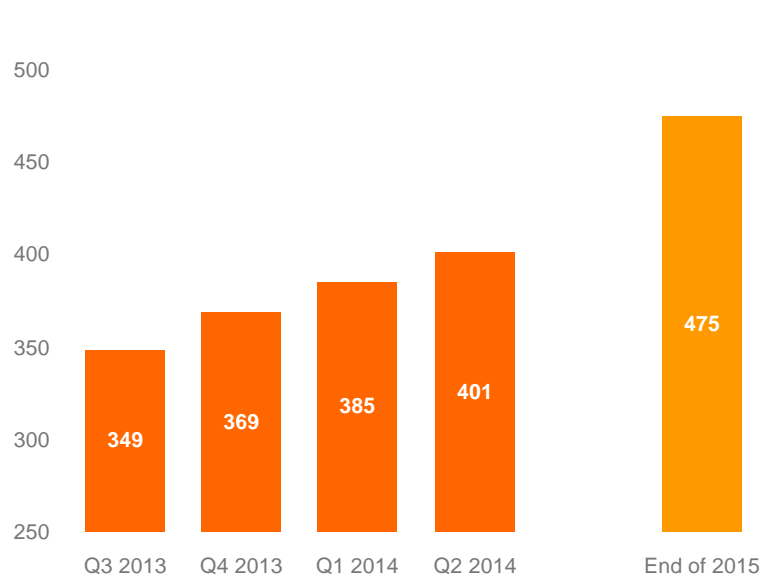
Robust strategy with significant upsides

# Plan 2014 - 2015

Aiming at “best in cost” with the Leadership Journey®



Cumulated gains (USD million)



New investment announced in 2014

- February 6** USD 10 million in debottlenecking the finishing line of the Imphy Wire Rod mill. This aims at further improving competitiveness and increasing revenue in the Alloys & Specialties segment.
- May 7** USD 25 million in productivity improvement of the downstream facilities in Genk, Gueugnon and Timoteo.
- July 31** USD 17 million aiming at offering High Grain Oriented electrical steel products while at the same time improving the costs competitiveness of Aperam’s Brazilian Grain Oriented Electrical Steel operations.

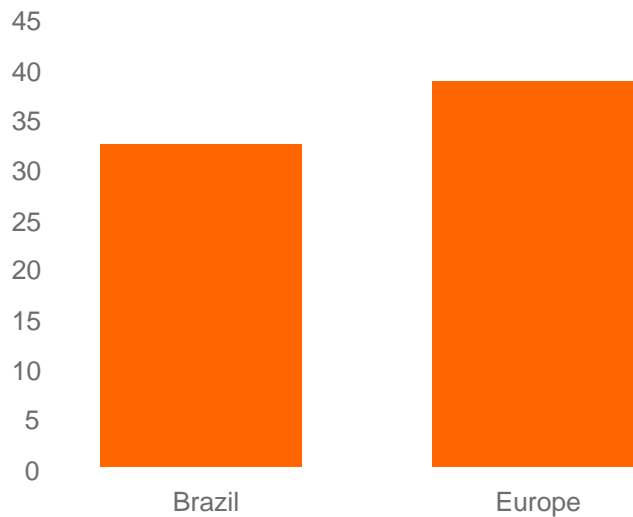
**USD 52 m of investments launched since the beginning of 2014 to debottleneck its downstream operations and enhance Aperam’s product portfolio**

# Plan 2014 - 2015

## Optimizing portfolio with the Top Line Strategy



Top line product growth target for 2014 ('000t)



Examples of innovation



The Selective Catalytic Reduction System



New ferritics grades for Automotive applications



Duplex offer



Carbon steel substitution

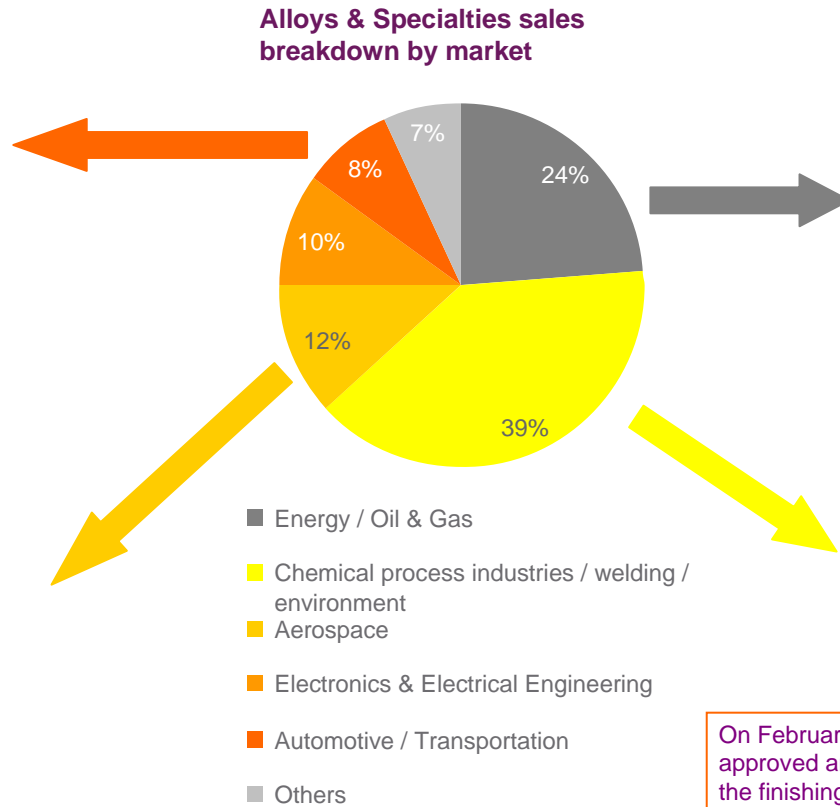
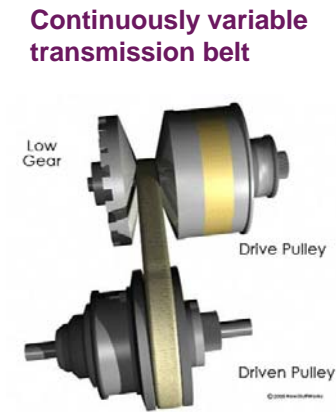
Expanding further high margin products to replace low contribution margin products

Type of products	Import duties status	Anti-dumping status
<b>Stainless Steel Flat Products</b>	<ul style="list-style-type: none"> <li>✓ Normal import duties are 14%</li> <li>✗ For Cold Rolled Stainless Steel from 0,5 to 3mm, duties were temporarily increased to 25%, between September 12 and September 13.</li> </ul>	<ul style="list-style-type: none"> <li>✓ AD rights published last year and valid as of October 4<sup>th</sup> for 5 years from 236 USD/t to 1,077 USD/t. The case involves CR 304 and 430, in thicknesses between 0.35mm and 4.75mm from China, Finland, Germany, Korea, Taiwan and Vietnam.</li> </ul>
<b>Stainless Steel Welded Tubes</b>	<ul style="list-style-type: none"> <li>✓ 14% of Import duties Stainless Steel welded tubes.</li> </ul>	<ul style="list-style-type: none"> <li>✓ AD rights have just been published valid as of July 29<sup>th</sup> for 5 years and up to 911USD/t. Countries involved are China and Taiwan.</li> </ul>
<b>Electrical steel – Non Grain Oriented</b>	<ul style="list-style-type: none"> <li>✓ 14% of Import duties on NGO.</li> </ul>	<ul style="list-style-type: none"> <li>✓ AD rights imposed for NGO on July 17<sup>th</sup> with fixed USD/t values ranging from 133 USD/t to 567 USD/t for 5 years. The countries involved are China, Korea and Taiwan.</li> <li>✗ On August 15, 2014, Camex released NGO AD partially, giving 45Kt of imports in the next 12 months without AD penalties.</li> </ul>
<b>Electrical steel – Grain Oriented</b>	<ul style="list-style-type: none"> <li>✓ Normal import duties are also 14%</li> <li>✗ For GO Electrical Steel in coil wider, duties were temporarily increased to 25% between September 12 and September 13.</li> </ul>	<ul style="list-style-type: none"> <li>✗ No anti-dumping investigation</li> </ul>

**Recent anti-dumping measures should create a stable and fair market environment for next years**

# Plan 2014 - 2015

## Growing in Alloys specialties



On February 6, 2014, the Board of Directors of Aperam approved an investment of USD 10 million in debottlenecking the finishing line of the Imphy Wire Rod mill.

Specific high margin products on “star segments” to drive Alloys & Specialties growth

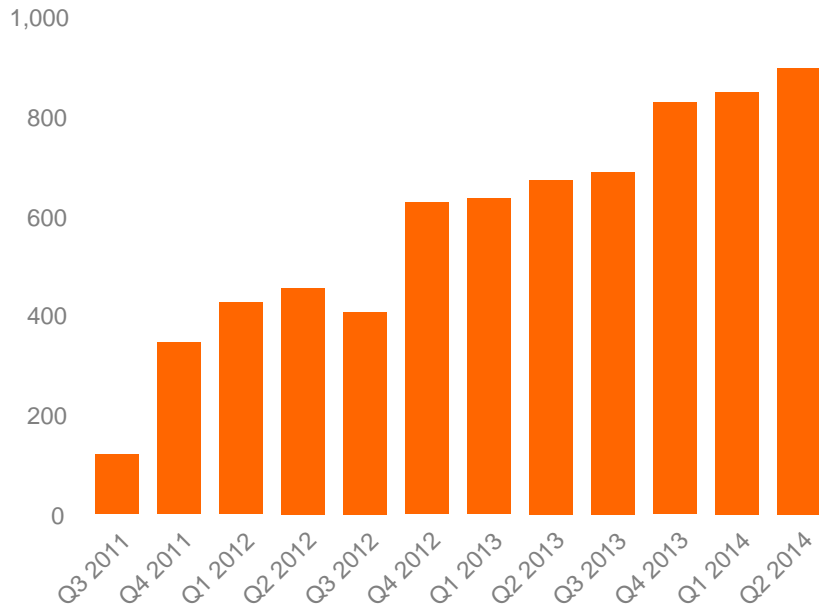
\* Liquefied Natural Gas  
Source: Aperam

# Plan 2014 - 2015

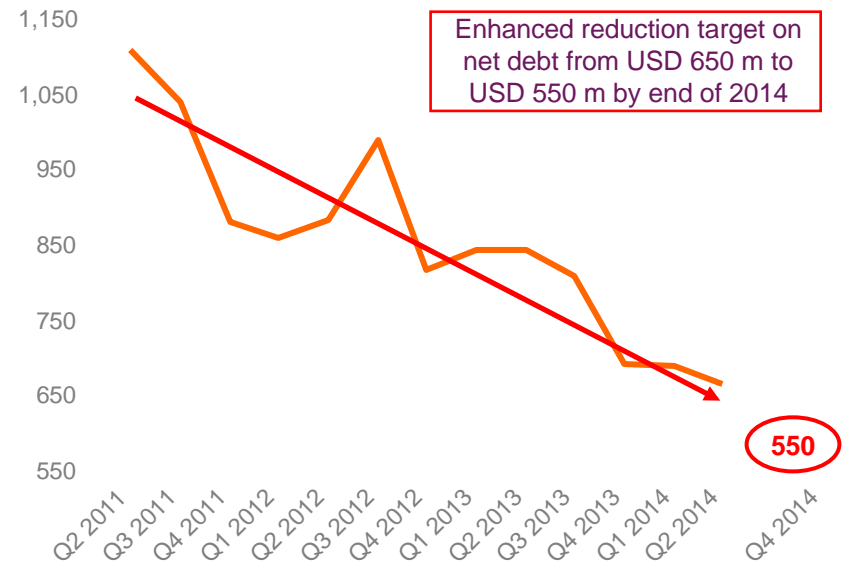
## Sustainable cash flow from operations across the cycles



Cumulated net cash provided by operating activities (USD million)



Quarterly net debt of Aperam evolution (USD million)



Over the past 3 years, the company has continuously generated cash-flow to strengthen its balance sheet  
Net debt will be reduced to half by the end of 2014 compared to mid 2011





Castelao stadium, Fortaleza – revamped with Aperam Stainless Steel